

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ADOPTING A REGIONAL) RESOLUTION NO. 89-1035
TRANSPORTATION FUNDING PROPOSAL) Introduced by Mike
Ragsdale, Presiding
Officer

WHEREAS, The Regional Transportation Plan update of 1988 identifies significant transportation improvement requirements for the Portland metropolitan area and priorities for the next 10 years; and

WHEREAS, These transportation improvements are critical for implementation of local comprehensive plans, continuing economic growth and vitality and maintaining the livability of the region; and

WHEREAS, Securing sufficient funding is a critical priority, especially with the completion of the Interstate Transfer Program; and

WHEREAS, The Business Task Force on Regional Transportation Priorities, the Public-Private Task Force on Transit Finance and the Joint Policy Advisory Committee on Transportation have developed funding recommendations; now, therefore,

BE IT RESOLVED,


That the Council of the Metropolitan Service District:

1. Endorses the JPACT Regional Transportation Funding Proposal as reflected in Exhibit 1.
2. Directs staff to assist in pursuing implementation of the proposal during the 1989 legislative session.

3. Endorses formation of a public-private steering committee to oversee implementation.

4. Recognizes the need to continue consultation and coordination with other local governments and interest groups.

ADOPTED by the Council of the Metropolitan Service District this 12th day of January, 1989.


Mike Ragsdale Presiding Officer

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89-1035.RES
12-30-88

JPACT REGIONAL TRANSPORTATION FUNDING PROPOSAL

AREAS OF CONSENSUS

I. General Principles

- A. There is consensus on the transportation priorities and funding target for the next 10 years in the following major categories (see Attachment A):

Regional Highway Corridors
Urban Arterials
LRT Corridors
Transit Operations and Routine Capital

- B. The region should link together the planning for the funding of highway and transit improvements.

II. Regional Highway Corridors

- A. The region should seek state highway funding for the full cost of priority interstate and regional highway corridors (from IA above).
- B. The region endorses increased state and federal funding programs in order to obtain the improvements being sought, including increasing the state gas tax in increments of 2¢ per year and an increase in the state vehicle registration fee.
- C. The state should convert its vehicle registration fee to one imposed on the basis of value rather than the current flat fee.

III. Urban Arterials

- A. A vehicle registration fee, at a level up to that collected by the state, is favored as the first source of funding for a regional urban road preservation and improvement program. The fee should be imposed by Metro with the allocation to projects by the Joint Policy Advisory Committee on Transportation (JPACT). There should be a minimum allocation guaranteed to local governments and the balance allocated on the basis of regional priorities through JPACT. Implementation procedures are outlined in Attachment B.
- B. The vehicle registration fee should include a truck fee to maintain cost responsibility.
- C. If the Oregon Department of Transportation (ODOT) arterials are included in a regional arterial program (in addition to city and county roads), sufficient revenues

should be sought to fund the extra cost. Consideration should be given to seeking state funding toward the urban arterial program or a higher level Metro vehicle registration fee as alternative sources.

IV. Transit

Transit financing requirements for the region deal with the need for increased annual revenues for routine capital purposes and expanded operations as well as for the capital cost for new LRT corridors. In the long term, a fundamental change to transportation finance in the region is required to allow needed regional highway and transit facilities to be funded through the same source. In the short term, a variety of incremental extensions of existing approaches are recommended.

A. Constitutional Amendment

A state constitutional amendment should be sought to allow the region the flexibility to use currently restricted transportation-related sources (i.e., gas taxes and vehicle registration fees) for transit purposes. Such an amendment should be targeted at giving the region the flexibility to use its resources for either highway or transit purposes. As such, a constitutional amendment that is permissive rather than mandatory is proposed and one that only affects local or regional funding sources.

B. LRT Funding

The region should pursue three LRT corridors during the next decade as the next major step toward a regional LRT system: Westside, Milwaukie and I-205. The Westside and Milwaukie will be implemented through the use of UMTA Section 3 funds (federal) with a proposed partnership between the state, region and private sector for the local match. The I-205 corridor cannot use UMTA Section 3 funds but does have the advantage of using Interstate funds now set aside for completion of bus lanes and funding may be available for vehicles. State and regional funds for I-205 are also proposed but the level of funding has not been finalized pending further study.

1. The first priority for UMTA Section 3 funding is Westside LRT; thereafter, Milwaukie LRT. Up to 75 percent UMTA funding should be sought. UMTA Section 3 funding will not be sought for the I-205 LRT project.
2. Local matching funds for the three LRT corridors should come from the following sources:
 - a. A new regional transit funding source (see Section C.2. below) should be adopted to provide the regional share toward all three corridors.

- b. State matching funds should be sought for all three corridors over a 3-6 biennium period.
- c. Private sector funding should be committed toward construction commensurate with benefits received.

Specific methods are recommended as follows:

- To include LRT capital funding in various tax increment funding programs in place or under consideration in the Central City, along the I-205 LRT and along the Westside LRT.
- To establish a special transit assessment district around all LRT stations to reflect the private sector benefits realized from these major transportation investments.
- To negotiate LRT station cost-sharing where the station is located with direct connection to private developments.
- Public acquisition of land will be sought around existing and planned LRT stations to be leased out for private development; long-term lease revenues will assist in reducing or eliminating operating costs of LRT.

Preliminary estimates are that these mechanisms would yield 10-20 percent toward the capital cost of the proposed projects.

3. Prior to adopting the proposed new regional transit funding source, it will be necessary to complete the "preliminary engineering" for the Westside LRT project and the "alternatives analysis" for the I-205 and Milwaukie LRT projects in order to determine the scope, cost and timing of these projects. This will, in turn, provide the basis for finalizing the funding level to be adopted for the new regional funding source.
4. LRT construction will not proceed without an increased source of operating funds.

C. Transit Operations and Routine Capital

1. An increased source of funds should be established for routine capital, and the incremental expansion of LRT operations and bus service. Preliminary costs (as of March 1) are as follows:

	<u>Pre-LRT</u>	<u>Post-LRT</u>
Routine Capital	\$ 8 m.	\$ 9.6 m.
Operating		
LRT	--	2.8
Elderly and Handicapped Service	--	1.2
LRT Feeders	--	2.6
Other Bus Services	1.2	3.5
Debt Payment	1.5	1.5
TOTAL	<u>\$10.7 m.</u>	<u>\$21.2 m.</u>

2. Funding sources to pay for increased ongoing operations and routine capital, as well as for a capital fund for the regional share of LRT match, are recommended as follows:
 - a. Increased UMTA Section 3 and Section 9 funding.
 - b. Continuation of state funding toward routine capital at \$3.3 million a year.
 - c. Increase cigarette tax of 1¢ (\$1.2 million/year) toward special needs transit.
 - d. After implementation of a \$10 million a year Arterial Fund (such as through a vehicle registration fee), \$3 million in FAU funds will be dedicated to transit capital.
 - e. The payroll tax should be extended to include all employers including local governments and private, nonprofit corporations. However, in order to minimize impacts on local budgets and tax bases, it should be phased in over a five-year period. This will raise up to \$5.2 million at full implementation (0.6 percent) on all employers.
 - f. Increased transit revenues through a payroll tax to be paid by employees rather than employers.

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Attachment A

JPACT Regional Transportation
10-Year Priorities

Cost vs. Revenues

I. Regional Highway Corridors	<u>Interstate</u>	<u>Other</u>		
Total Cost of 10-Year Priorities (including inflation)	\$489 m.	\$439 m.		
Less project funding currently committed	238	97		
Less state and federal funding likely to be available	50	61		
Unfunded Balance	\$201 m.	\$282 m.		
	\$483 million			
II. LRT Corridors	<u>Westside</u>	<u>Milwaukie</u>	<u>I-205</u>	<u>Mall LRT</u>
Total Cost of 10-Year Priorities (including inflation)	\$300 m.	\$88 m.	\$89 m.	\$75 m.
Less anticipated federal funds	150-225	44-66	17-25	38-56
Unfunded Balance	\$75-150 m.	\$22-44 m.	\$64-72 m.	\$19-38 m.
	\$180-304 million			
III. Urban Arterials	<u>State</u>	<u>City/County</u>		
Total Cost of 10-Year Priorities (including inflation)	\$203 m.	\$335 m.		
Less project funding currently committed	77	99		
Less federal, state and local funding likely to be available*	0	41		
Unfunded Balance	\$126 m.	\$195 m.		
	\$321 million			

* These federal highway funds could alternatively be committed to transit capital if a replacement arterial funding source is adopted.

	<u>Pre-LRT Expansion</u>	<u>Post-LRT Expansion</u>	
IV. Transit Operations and Routine Capital			
Increased Annual Funds Required			
Routine Capital	\$ 8.0 m.	\$ 9.6 m.	
Expanded LRT Operations	--	2.8	
Expanded Bus Operations	1.2	6.0	
Debt Retirement	<u>1.5</u>	<u>1.5</u>	
Unfunded Balance	\$10.7 m./yr.	\$19.9 m./yr.	
V. Road Maintenance	<u>Current</u>	<u>5-Year</u>	<u>10-Year</u>
City/County Annual Needs	\$92.6 m.	\$112.6 m.	\$137 m.
Funds Available	<u>63.6</u>	<u>79.7</u>	<u>81.8</u>
Unfunded Balance	\$29 m./yr.	\$ 33 m./yr.	\$55 m./yr.

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Attachment B

Urban Arterial Fund

OBJECTIVE: To implement a local option vehicle registration fee to create a regional Urban Arterial Fund for the Portland region for modernization and preservation capital improvements. Allocation of funding is proposed as a cooperative process through JPACT.

State Legislation Required

As part of a bill allowing counties throughout Oregon to impose a local option vehicle registration fee, include additional language to:

Authorize imposing of a local option vehicle registration fee up to the level collected by the state for Multnomah, Clackamas and Washington Counties by ordinance of the Metropolitan Service District upon request of the three county commissions with annual allocation of the funds to projects within the cities and counties of the Metro district by the Joint Policy Advisory Committee on Transportation and distribution of the funds attributable to the area outside the Metro district to the county commissions on the basis of estimated registered vehicles.

Process

1. State Legislature adopts local option registration fee authority.
2. Metro defines ordinance to impose and administer the vehicle registration fee and circulates to local jurisdictions.
3. Multnomah, Clackamas, and Washington County Commissions adopt resolutions requesting Metro to impose a three-county vehicle registration fee. (This is especially important for the area outside the Metro boundary.)
4. Metro Council adopts ordinance imposing fee.
5. DMV establishes procedures, collects the fee and disburses revenues to Metro.
6. Metro Council adopts annual budget including capital appropriation of the amount of revenue available for arterial improvements.
7. Revenues disbursed directly to counties for portion of fee attributable to area outside Metro boundary; county commissions administer.

8. JPACT adopts "minimum allocation" for urban portions of three counties and Portland (recommend 75 percent minimum).
9. County Transportation Coordinating Committees and Portland define projects using "minimum allocation" and candidates for "regional allocation."
10. JPACT approves projects using "minimum allocation" and allocates regional portion of funds and authorizes disbursement of current fiscal year funds.
11. Funds disbursed to implementing jurisdiction by Metro.
12. Audit sent to JPACT at close of fiscal year documenting amount of funds spent on the authorized project and amount carried forward to next fiscal year.

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COMMITTEE REPORT

AGENDA ITEM NO. 8.3

MEETING DATE January 12, 1989

RESOLUTION NO. 89-1035, ADOPTING A REGIONAL TRANSPORTATION
FUNDING (RTP) PROPOSAL

DATE: January 11, 1989

Presented by: Councilor Jim Gardner,
Chair, Intergovernmental
Relations Committee

COMMITTEE RECOMMENDATION: At its January 10, 1989 meeting, Intergovernmental Relations Committee members Collier, DeJardin and myself voted unanimously to recommend Council adoption of Resolution No. 89-1035. Councilors Bauer and Knowles were absent.

COMMITTEE ISSUES & DISCUSSION: Transportation Department manager Andy Cotugno presented Resolution No. 89-1035 and summarized the 4 major funding categories: 1) Regional Highway Corridors, 2) Urban Arterials, 3) Light Rail Transit (LRT) Corridors, and 4) Transit Operations and Routine Capital. Mr. Cotugno noted the Regional Highway Corridors funding proposal is consistent with other regions' proposals in the State. The Urban Arterials funds would come from a Metro-imposed vehicle registration fee which would be distributed by JPACT based on a formula plus the use of predetermined criteria for selecting projects. Regarding the LRT Corridors, Federal funding is generally available, but Mr. Cotugno does not expect the I205 corridor to qualify well for it. As a result, he expects a heavier burden will be placed on state and regional funding efforts. JPACT has not reached agreement on the region's funding contribution. For Transit Operations and Routine Capital funding, a combination of funding sources is recommended including extension of the payroll tax authority to include a wage tax on employees if other revenue sources are insufficient.

In summary, Mr. Cotugno noted the RTP funding package will provide for an increase in services in contrast to prior years' funding efforts which focussed on maintaining systems and services. The resolution also implements a Steering Committee with representatives from the Oregon Transportation Commission, JPACT, Business Task Force, Public-Private Task Force, Tri-Met Board, and the Port of Portland Commission to guide implementation of the proposals.

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CONSIDERATION OF RESOLUTION NO. 89-1035 FOR THE
PURPOSE OF ADOPTING A REGIONAL TRANSPORTATION FUNDING
PROPOSAL

Date: December 29, 1988

Presented by: Andy Cotugno

PROPOSED ACTION

To endorse a funding program from existing and proposed new federal, state and regional sources for a comprehensive set of 10-year transportation priorities for the following:

1. Regional Highway Corridors
2. Urban Arterials
3. LRT Corridors
4. Transit Operations and Routine Capital

FACTUAL BACKGROUND AND ANALYSIS

During 1988, five major transportation finance study efforts were undertaken:

1. A JPACT Finance Committee was established to develop a comprehensive funding proposal to implement the priorities called for in the Regional Transportation Plan. This funding proposal now recommended for endorsement represents the conclusion of their efforts.
2. A Business Task Force on Regional Transportation Priorities was formed by the Portland Metropolitan Chamber of Commerce and the Oregon Business Council to review the region's transportation priorities and recommend funding proposals. They endorsed JPACT's 10-year priorities for transportation improvements and their funding recommendations are largely consistent with JPACT's.
3. The Public-Private Task Force on Transit Finance was established to advise JPACT on methods to implement private sector funding methods for proposed transit improvements, particularly LRT. Their recommendations have been incorporated into the JPACT Funding Proposal.
4. An update to the Oregon Roads Finance Study was undertaken to refine projected statewide highway

funding needs and develop a proposal for consideration by the Legislature. Their proposal is consistent with the highway aspects of the JPACT Funding Proposal.

5. An update to the Oregon Transit Finance Study is still underway and is now considering the transit aspects of the JPACT proposal.

The major recommendations proposed for adoption are funding proposals necessary to implement the 10-year transportation priorities as reflected in the updated Regional Transportation Plan (proposed for adoption under separate ordinance). These improvements are essential to maintaining continued economic prosperity and growth as called for in local comprehensive plans while also not threatening the livability of the area due to excessive traffic pressures. The overall level of investment proposed is comparable to that implemented during the past decade, although without the advantage of funding available from the Mt. Hood Freeway withdrawal. As such, a greater state and regional funding effort is required. A summary of the major funding proposals is as follows:

1. Regional Highway Corridors

These recommendations will continue implementation of a long-range statewide financing plan developed through the Oregon Roads Finance Study by the Association of Oregon Counties, League of Cities and ODOT. The first three years of the recommendations were implemented by the 1987 Legislature; this proposal will continue that with three additional 2-cent gas tax increases in 1991, 1992, and 1993 plus a vehicle registration fee increase.

2. Urban Arterials

Improvements to city, county and state-owned arterials and collectors tend to be the most difficult to fund because they are not of sufficient priority for state capital funding and insufficient city/county funding is available to keep pace with maintenance needs, much less capital improvements. These types of improvements have been a major part of the Interstate Transfer Program for this reason. This resolution would endorse seeking authority from the 1989 Legislature for a Metro-imposed vehicle registration fee for establishment of a road improvement fund. It is proposed that the fee be imposed with the support of the local jurisdictions and that JPACT play the major role in allocating these funds since the local jurisdictions will be the principal implementing agencies. Elsewhere in the state, the counties will be seeking the

authority to impose a county level vehicle registration fee. Treatment of the fee as a Metro-imposed fee will require special language in the bill considered by the Legislature.

3. Light Rail Transit

A four-tiered funding approach is recommended for implementation of LRT in the Westside, Milwaukie and I-205 corridors consisting of federal funds, state matching funds, regional transit funds and public/private co-venture funding from the areas around stations. Maximum federal participation of 75 percent will be sought for the Westside and Milwaukie LRT corridors; the I-205 corridor, on the other hand, is limited in access to federal funding to the Interstate buslane funding and perhaps funding for vehicles. Further studies of the I-205 corridor will be needed to establish the level of state and regional funding that will be committed toward the corridor and the level of station area private funding that can be achieved. The principal source of regional transit funding is proposed through a constitutional amendment to allow the region to direct vehicle-related taxes to transit.

4. Transit Operations and Routine Capital

Expanded funding for routine capital is needed as soon as possible in order to continue with a prudent bus replacement program. In addition, expanded funding to increase operations will be required within 5-10 years to support the added cost of three additional LRT corridors and support feeder buses. A combination of sources are recommended, as follows:

- a. Increased federal funding;
- b. Continuation of state funding toward routine capital;
- c. Increased state cigarette tax (from the present 1¢ to 2¢) dedicated to elderly and handicapped service;
- d. Transfer of available Federal-Aid Urban highway funds to transit after implementation of an Arterial Program;
- e. Extension of the payroll tax to all employers including local governments and nonprofit organizations; and
- f. If needed due to insufficient resources from these

and/or the proposed constitutional amendment, extension of the payroll tax authority to include a wage tax on employees.

SUMMARY AND CONCLUSION

This resolution represents a major milestone in reaching a consensus among jurisdictions in the Portland region on how to fund key transportation priorities. It also represents an important starting point for seeking implementation of the proposals by the Legislature, affected boards and commissions and ultimately the voter. Endorsement of this proposal should be in recognition that it is important to make progress in all aspects of the proposal, transit and highway, in order to most effectively meet the needs of the region. In addition, endorsement should include the commitment of Metro resources to assist in implementation of the proposals.

As the process of implementing these recommendations proceeds, it will be necessary to evaluate input and determine if changes or refinements are necessary. To guide this effort, it is recommended that a steering group be formed to include the following membership:

<u>Representing</u>	<u>Number</u>
. Oregon Transportation Commission	1
. JPACT (three counties, Portland, Metro).	5
. Business Task Force.	3
. Public-Private Task Force.	2
. Tri-Met Board.	1
. Port of Portland Commission.	1

In addition, it will be necessary to involve many other interested parties, including the transportation interest groups, the local governments within the region and business groups.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 89-1035.

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